

# **City of Gainesville**

*City Hall  
200 East University Avenue  
Gainesville, Florida 32601*



## **Meeting Agenda - Final**

**November 17, 2015**

**5:00 PM**

**City Hall, Room 16**

## **Audit and Finance Committee**

*Mayor Ed Braddy, Chair  
Mayor-Commissioner Pro Tem Craig Carter, Member*

*Persons with disabilities who require assistance to participate in this meeting are requested to notify the Equal Opportunity Department at 334-5051 or call the TDD phone line at 334-2069.*

**APPROVAL OF MINUTES**[150458.](#)**Minutes of the Audit and Finance Committee Meeting of September 15, 2015 (B)****RECOMMENDATION**

*The Audit and Finance Committee approve the minutes of September 15, 2015 as circulated*

[150458 September 15 Minutes 20151117.pdf](#)

**DISCUSSION OF ITEMS**[150504.](#)**Final Amendment to the FY 2014-2015 General Government Financial and Operating Plan (B)**

*Explanation: The purpose of this amendment is to accurately reflect and incorporate into the City's FY 2014-2015 General Government budget those transactions and activities that were not anticipated during the budget process.*

*Fiscal Note: All of the recommended changes are funded either by increases in revenue budgets, decreases in expenditure budgets, or decreases in appropriate fund balances.*

**RECOMMENDATION**

*The Audit and Finance: (1) Review the proposed amendatory budget resolution; and if acceptable, (2) recommend that the City Commission adopt the proposed resolution.*

[150504A Resolution-Fourth Budget Amendment 2015 20151117.pdf](#)

[150504B FY2015 Amendatory 4th Quarter-Final 20151117.pdf](#)

[130642.](#)**City Attorney Memorandum re: Equitable Adjustment for Change of Law of the Power Purchase Agreement (B)**

*Explanation: This item was referred by the City Commission on January 16, 2014 to the Audit and Finance Committee to be taken up as part of the pending December 5, 2013 referral concerning an audit of GRU. The scheduling of this item was briefly reviewed at the Audit and Finance Committee meetings of July 29, 2015 and September 15, 2015. The Committee would like to have the Equitable Adjustment and the recommendations from the City Attorney's Memo readdressed at the next Audit and Finance Committee meeting.*

**RECOMMENDATION**

*The Audit and Finance Committee review the status of the referral and take appropriate action.*

Legislative History

1/16/14 City Commission Referred to the Audit, Finance and Legislative Committee

*Donald Shepherd, Paula Stahmer and Debbie Martinez spoke to the matter.*

*Additional motion: Comm TC moved with Comm YHR seconding to send letter to GREC concerning today's action and wishing to talk. Motion carried*

7-0.

[130642A Equitable Adjustment for Change of Law of PPA 20151117.pdf](#)

[130642B GREC LLC Dispute - Equitable Adjustment Analysis \(Outside Attorney\)](#)

[130547.](#)

**Navigant Consulting Investigative Review (B)**

*Explanation: This item was referred by the City Commission on December 5, 2013 to the Audit and Finance Committee for the purpose of initiating an RFP for a GRU investigation. This item was discussed at the March 5, 2014 Audit, Finance and Legislative Committee meeting, and the final RFP approved by the City Commission on April 3, 2014. A contract was ultimately executed with Navigant Consulting Inc. and an investigative review of GRU was conducted. The final investigative report was submitted to the City Commission on April 15, 2015. The scheduling of this item was discussed at the Audit and Finance Committee meeting of July 29, 2015 and September 15, 2015. The Committee directed to have this item discussed at the next Audit and Finance Committee meeting.*

RECOMMENDATION

*Audit and Finance Committee review the status of the referral and take appropriate action.*

Legislative History

12/5/13 City Commission Referred to the Audit, Finance and Legislative Committee

*This item was heard in the evening session.*

*Commissioner Poe left the meeting at 10:56PM.*

1/29/14 Audit, Finance and Legislative Committee Recommended for Approval, as amended

*The City Commission referred this issue to the Audit, Finance and Legislative Committee during their December 5, 2013 meeting.*

*On January 29, 2014, the Audit, Finance and Legislative Committee met and discussed this item. The Committee received extensive public input focused on numerous issues of concern related to past management practices and business decisions primarily related to the multi-year development and implementation of the Power Purchase Agreement (PPA) between Gainesville Regional Energy Center (GREC), LLC and the City of Gainesville d/b/a Gainesville Regional Utilities (GRU) dated April 29, 2009 and approved by the City Commission on May 7, 2009. There was also considerable discussion regarding the background and financial impact of the "Equitable Adjustment for Change of Law" agreement dated March 16, 2011.*

*Committee discussions focused on possible actions that could be taken from a management, legal, financial, policy and control perspective to prevent reoccurrence of the actions involved in implementing the GREC PPA and to positively affect the financial outlook of GRU, especially in the area of energy supply and energy delivery.*

*Committee members agreed to report to the City Commission on February 6, 2014 a joint recommendation for the City to move forward with an external review focusing primarily on GRU past management practices and business decisions related to the implementation and any amendments to the GREC PPA, and including a forward focus on recommendations having positive financial impacts on GRU energy supply and delivery.*

2/6/14 City Commission Approved, as shown above

*David Richardson and Mark Benton made presentations.*

*Nathan Skop, Jim Konish, Don Glendening, Mac McEachern, Armando Grundy, Donald Shepherd, Debbie Martinez, Adel Francin, Mark Venske, Pat Fitzpatrick, Rod Gonzalez, Jo Beaty, Rob Brinkman, John Davies, Paula Stahmer, Laura Newsome, Ernesto Martinez and Wilbur Holloway spoke the matter.*

*Motion: The City Commission authorize the city auditor to prepare a request for proposal(RFP) for an external review to address:*

- 1. Opportunities for financial and operational benefit to Gainesville Regional Utilities related, but not limited to, the Gainesville Renewable Energy Center(GREC) power purchase agreement(PPA) and,*
- 2. Recommendations of institutional controls that can be implemented that would help avoid the management discrepancies of the past and help strengthen the working relationship between GRU Management and the City Commission.*

3/5/14 Audit, Finance and Recommended for Approval, as amended  
Legislative  
Committee

*City Auditor Brent Godshalk presented the history of the referral and the development by his staff of the resulting draft Request for Proposals (RFP). Committee members discussed the proposed RFP language, received extensive public input, provided detailed input to the City Auditor regarding desired clarifications in RFP language, and recommended the City Commission discuss and approve the modified RFP language and recommended process.*

3/20/14 City Commission Continued

4/3/14 City Commission Approved as Recommended

*Jim Konish and Nathan Skop spoke the matter.*

6/19/14 City Commission Approved as Recommended

*Armando Grundy, John Stevens, Mac McEachern, Jim Konish, Don Glendening, Debbie Martinez, Jo Beaty, Lynn Collias, John Martin, Gary Quinliven, Mark Venzke and Donald Shepherd spoke the matter.*

*Comm Poe moved and Comm Wells seconded to continue meeting until 11:15PM.*

*Motion carried 7-0.*

*Comm Poe moved and Comm Wells seconded to continue meeting until 11:30PM.*

*Motion carried 7-0.*

*Note: Recommendation #2-Funds to be provided through GRU's budget*

10/16/14 City Commission Approved as Recommended

*Todd Lester made a presentation.*

*Jim Konish, Debbie Martinez, Jo Beaty, Paula Stahmer, Ernesto Martinez, Walter Willard and Donald Shepherd spoke to the matter.*

1/15/15 City Commission Approved, as shown above

*Todd Lester and Dan Stathos made presentations.*

*Jim Konish and Jo Beaty spoke to the matter.*

*Motion: Approve a contract increase of up to \$145,000.*

4/15/15 City Commission Referred to the Audit and Finance Committee  
*Eileen Marzak, Todd Lester, Jim Peterson and Dan Stathos made presentations.*

*Ray Washington, Jim Konish, John Davies, Paula Stahmer, Nancy Deren, Rob Brinkman, Annie Orlando, Don Glendening, Robby Teal, Joe Beaty, Donald Spepther, Kali Blount, Mathew Humphries and Carolyn Weston spoke to the matter.*

*1st Motion: accept report and refer to Audit and Finance Committee. Motion carried 6-0.*

*2nd Motion: A motion was made by Commissioner Poe, seconded by Commissioner Carter ask staff to include Navigant recommendations for economic opportunity options in agenda item to be heard in May. Motion carried 6-0.*

[130547-A-Equitable Adjustment for Change of Law of the Power Purchase Agre](#)

[130547-B-GREC LLC Dispute - Equitable Adjustment Analysis-Outside Attorney](#)

[130547-C-RFP-External Investigative Review of GRU-Agenda Item.PDF](#)

[130547-D-Draft RFP External Investigative Review of GRU.PDF](#)

[130547-E-AFLC REVISED DRAFT RFP EXTERNAL INVESTIGATIVE REVIEW](#)

[130547-F - Memo from Godshalk to Commission.pdf](#)

[130547-G -Proposal Evaluation Summary 6-19-14.pdf](#)

[130547 MOD H Powerpoint Presentation 20140619.pdf](#)

[130547I MOD Navigant Proposal 20140619.pdf](#)

[130547J MOD Navigant Cost Proposal 20140619.pdf](#)

[130547K MOD EnerVision Proposal 20140619.pdf](#)

[130547L MOD Windham Brannon Proposal 20140619.pdf](#)

[130547M MOD Windham Brannon Cost Proposal 20140619.pdf](#)

[130547A Contract - Navigant - Professional Investigative Review Services 201](#)

[130547B RFP No. CAUD140037-DH Issued April 10 2014 20141016.pdf](#)

[130547C Addendum 1 Dated April 30 2014 20141016.pdf](#)

[130547D Navigant Response May 7 2014 20141016.pdf](#)

[130547E Navigant Cost Proposal May 7 2014 20141016.pdf](#)

[130547F Navigant Power Point for Oral Interview June 10 2014 20141016.pdf](#)

[130547G Ray Washington Letter 20141016.pdf](#)

[130547H Speech 20141016.pdf](#)

[130547I Navigant Contract - Additional Fee Request 20150115.pdf](#)

[130547J NCI Investigative Review-COG 20150415.pdf](#)

[130547K Jim Konish documents 20150415.pdf](#)

[130547L NCI Summary of GRU Recommendations - COG 20151117.pdf](#)



*Services Bill Shepherd and Customer Services Director Herb Firsching provided background information. After some discussion, the Committee recommended that the item be held in Committee pending further information from GRU staff as it pertains to the meters and their functions.*

[150148A GREC Bill History 20150729.pdf](#)

[150148B GREC Backup Meter Consumption 20150729.pdf](#)

[150148C GREC Irrigation Mtr Bills 20150729.pdf](#)

[150148D GREC irrigation meter payments 20150729 .png](#)

[150148E GREC payments 20150729.png](#)

[150148F GREC rental light payments 20150729.png](#)

[150148G GREC Utility Bill dtd 7-1-15 20150729.pdf](#)

[150148H GREC Utility Bill dtd 7-13-15 20150729.pdf](#)

[150148I GREC Q&A Presentation 20151117.pdf](#)

#### [150461.](#)

#### **Information on the Unassigned Fund Balance (B)**

*Explanation: While finalizing the millage rate for property taxes for the fiscal year 2016 budget, the City Commission discussed the projected fund balance amount, the City policy on fund balance (10%), and how the City policy compared to other municipal fund balance policies. The City Auditor followed up on questions by pointing out the Government Finance Officers Association (GFOA) recommendations (16.67%). The Finance Director is the organizational expert in this area.*

#### **RECOMMENDATION**

*The Audit and Finance Committee discuss the information presented by the Finance Director and the City Auditor and recommend the City Commission discuss the issue at an upcoming meeting in order to use any information for future budget decisions.*

[150461A Fund Balance 20151117.pdf](#)

[150461B GFOA Determine Level of Fund Balance 20151117.pdf](#)

[150461C Fund Balance GASB54 20151117.pdf](#)

[150461D 2014 Reserve Policy 20151117.pdf](#)

#### [150460.](#)

#### **Proposed Fiscal Year 2016 Annual Audit Plan (B)**

*Explanation: Resolution 970187, City Auditor Internal Responsibilities and Administrative Procedures, Section 4 (b) requires the City Auditor to submit an Annual Audit Plan to the City Commission for approval. The process of preparing the Annual Audit Plan includes defining auditable units, obtaining input from City Commissioners and Charter Officers, evaluating information gained from previous audits and assessing the relative risks involved in different City programs and operations.*

*Each potential project is weighed against other planned or required projects resulting in Exhibit A, which represents a compilation of proposed audits for the City Auditor's work plan for Fiscal Year 2016.*

**RECOMMENDATION**

*The Audit and Finance Committee recommend the City Commission approve the Fiscal Year 2016 Annual Audit Plan by resolution.*

[150460 Proposed Annual Audit Plan - FY16 20151117.pdf](#)

[150462.](#)

**Review of Audit and Finance Committee Referral Listing (B)**

*Explanation: The Audit and Finance Committee receives referrals from the City Commission on a regular basis. A periodic review is conducted to insure all items are still valid and require the attention of the Audit and Finance Committee.*

**RECOMMENDATION**

*The Audit and Finance Committee review the referral listing and update as needed.*

[150462 AFC City Auditor Referrals Update 20151117.pdf](#)

**MEMBER COMMENT**

**CITIZEN COMMENT**

**NEXT MEETING DATE**

**ADJOURNMENT**